



HB 2199 Extends both Enterprise Zones without review

House Revenue Committee – Jody Wisner – 4.4.2023

When the sunset/review process was designed in 2009, actual review of tax expenditures was the goal. Because committees have taken that role seriously, almost half of the original group of tax credits placed under sunsets and review have ended, others have seen simple to significant changes. HB 2199 assumes Oregon's two enterprise zone programs are perfect. They are not. We hope this committee will take reviewing the programs seriously. HB 3011 is a good starting point. We anticipate that you'll make changes to that bill, changes that will focus and strengthen our Enterprise Zone programs.

Business Oregon recently paid for two studies of Oregon Property Tax Incentives. They add up to half an inch of paper. It makes no sense for the research to be done if the Legislature doesn't attend to what they find.

The executive summary of [Property Tax Incentives Impact Study](#), February 2022, highlights two approaches to Rate of Return for our three property tax programs. "The personal income tax ROI ranges from \$1.35 for the SEZ to \$0.03 for SIP to -\$0.84 for the LRZ" while looking at "The ROI for net property taxes abated versus total economic output ranges from \$29.16 for the SEZ to \$6.24 for the SIP and \$1.18 for the LRZ." Those low numbers, especially for the LRZ should help you know that our enterprise zone programs need to be looked at carefully, not just continued on as is.

[Strategic Assessment of Incentives](#), July 2021, is the first study Business Oregon had done. It looked at the Enterprise programs and four other programs. Its "Options are presented to lay the groundwork for possible program adjustments that would allow Oregon's incentives to adapt to an evolving competitive environment," and includes a look at incentives in other states.

Oregon's enterprise zone and SIP programs were designed in 1985, 1993, and 1997 (SEZ, SIP, LRZ). That was early in the days of flip phones and personal computers and before huge data centers and solar arrays, wind farms, or massive distribution centers as we know them today. Surely we need to study any program that has seen the changes on our landscape that our enterprise programs have seen.

I urge you to set aside HB2199 and the several other bills that extend our economic development programs without change and instead dig into the pages of these studies and the experiences in your own communities with the enterprise zone programs, and make the kinds of changes needed, with a sunset set for six years from the current sunsets in 2025.

I remind you, these programs don't sunset next year, they sunset 6.30.2025. If you can't complete the work this session, you can work in the interim and act in 2024.

We read the bills and follow the money